August 2018

Reshaping Prosafe

- Transforming agreement with COSCO and Lenders

Disclaimer

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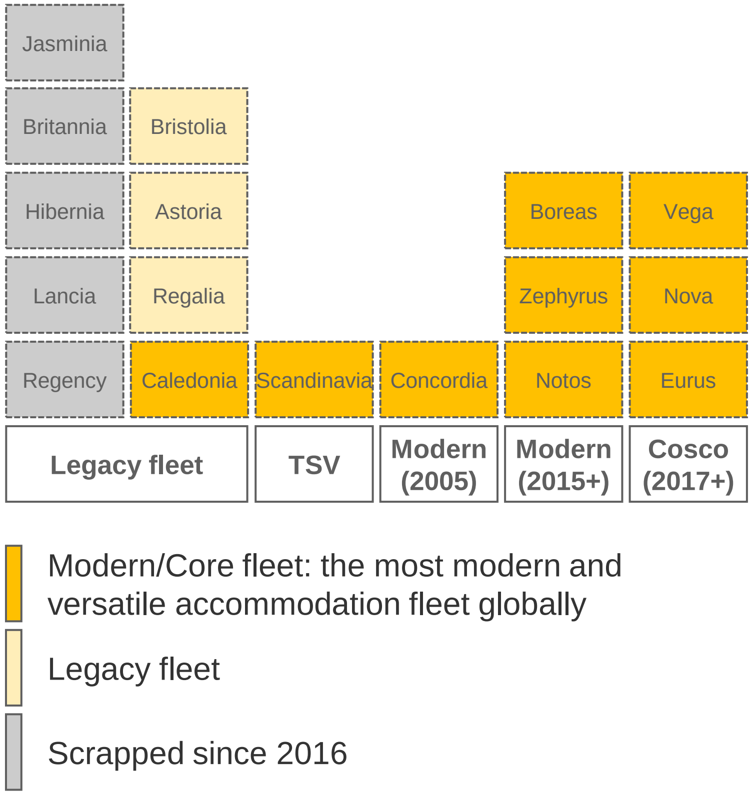
Agenda

- **The Prosafe transformation 2018**
- The COSCO agreement
- Debt facilities enhancements
- Market update
- Summary

The Prosafe transformation 2018

Positioning for the next phase

1 Continuation of fleet modernisation



2 Yard financing raise

- New financing of USD 431.2m for the takeout of the 3 new Cosco units
  - Repayment of yard financing through a 50/50 profit split
- Low minimum debt service scalable with rig earnings
- Interest free first two years after delivery, thereafter interest is based on dayrates achieved
- Flexible delivery up to 5 years and ultimately option to not take delivery of rigs

3 Debt Facilities Enhancements

- Liquidity: Amortization relief of USD 156m (in addition to amortization relief agreed in 2016)
- Option for Prosafe to extend final maturity of existing USD 1.3 billion by 1 year to February 2023
- Covenant ease for both existing loan agreements
- Consent to COSCO agreement and use of Prosafe's existing cash and cash flow in connection with delivery of the COSCO units
- Ability to scrap 3 legacy units without loan repayment

The Prosafe transformation 2018

Results of the set of agreements

1	**Modernize the fleet**	○ Add three versatile units with global reach ○ 50% of the fleet will be less than 4 years old
2	**Secure very attractive financing for Cosco newbuilds**	○ Limited debt service and interest expenses until market recovery ○ Take-out flexibility up to 5 years and options to take out up to three modern units
3	**Enhance runway**	○ USD 156m amortization relief and covenant ease ○ Option to extend final maturity of USD 1.3 billion facility by one year to 2023
4	**Reduce cash leakage**	○ Cost savings from option to retire legacy units
5	**Improve attractiveness for consolidation and partnership**	○ Renewed fleet and long-term financing makes Prosafe an attractive company for partners and stakeholders

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The Cosco agreement – in short

Deal highlights

Delivery terms

- Option to take delivery of three vessels
  - Safe Eurus – before 31 Dec 2019
  - First of Safe Vega/Nova – delivery within 3+1 years
  - Second of Safe Vega/Nova – delivery within 5 years

Yard financing

- Payment on delivery: Eurus USD 50m, Nova/Vega USD 25m each (total of USD 100m)
- Prosafe pays no layup cost or financing cost until delivery
- Financing of USD 431.2m on delivery of the three vessels
- Interest cost and debt repayment dependent on dayrates and earnings achieved. Interest free for the first 2-5 years from delivery of each vessel
- Layup (option period) + financing duration of up to 10 years

Rigs

Safe Eurus

Safe Nova

Safe Vega

Attractive purchase price and yard financing

Combination of cash discount, attractive yard financing, and optionality

Attractive pricing through a package deal

1. Cash discount of USD 55m
2. Attractive yard financing with below-market terms (debt repayment and interest costs)
3. Take-out flexibility and options to take out up to three modern units

Discount and sources and uses

(mill USD)	Safe Eurus	Safe Nova	Safe Vega	Sum
Initial contract price	217	241	243	701
Compliance / variation orders	2	-	-	2
Uses	**219**	**241**	**243**	**703**
Pre paid instalments & waived interest	55	31	30	116
Discount	15	20	20	55
Payment at delivery	50	25	25	100
Sellers credit	99	165	168	432
Sources	**219**	**241**	**242**	**703**

Key transaction terms

Item	Description

Delivery Window and	1. Safe Eurus – Delivery before 31st December 2019
	2. Nova/Vega;
	    1. Delivery of one vessel within 3 years from agreement with COSCO, plus 1 year option (subject to certain conditions)
	    2. For the other vessel, delivery within 5 years of agreement

Down Payment	1. Payment at delivery: USD 50m for Safe Eurus / USD 25m each for Safe Nova/Vega, total USD 100m 2. Mobilisation and stock-up costs: USD 10m-15m (pending contract duration and location) to be repaid with priority from the EBITDA split
Yard financing	1. USD 98.7m for Eurus, USD 164.7m for Nova and USD 167.8m for Vega, total USD 431.2m
PCG	1. Parent Company Guarantee limited to USD 60m per vessel provided the vessel is delivered (i.e. maximum of USD 180m)
Financing Duration	1. Yard financing period plus lay-up at yard shall in no circumstance exceed 10 years for each of the 3 vessels 2. Mandatory refinancing of the yard financing once outstanding amount is down to USD 50m for Safe Eurus, and about USD 83/$84m for Safe Nova and Safe Vega

Distributions to Prosafe and COSCO	1. Guaranteed Minimum Payment (see below) to be paid to COSCO on a quarterly basis
	2. Interest and remaining annual debt repayment on yard financing (promissory notes), plus Prosafe share of EBITDA to be paid on or before 31st March of the following calendar year
	3. Operational cash flow priority to be repaid in the following order;
	    1. Guaranteed minimum annual repayment
	    2. Repayment of mobilisation and stock-up costs financed by Prosafe, up to USD 20 million
	    3. 50% EBITDA split to COSCO (adjusted for minimum payment, *item 1 above*)

EBITDA* Split	1. Taxes triggered by operation of the vessel subtracted from EBITDA before split 2. 50% to COSCO / 50% to Prosafe (post repayment of mobilisation and stock-up costs) 3. COSCO EBITDA share to be applied, in full, towards amortization of promissory note 4. Interest to be paid out of Prosafe share of EBITDA

Minimum Payment to COSCO	1. Per vessel, year after delivery, amortization and interest
	    ○ USD 2 million per year – First 3 years
	    ○ USD 6 million per year – Years 4-6
	    ○ USD 7 million per year – Years 7-maturity

Interest	1. No interest expenses first two years after delivery, thereafter linked to dayrates achieved (see next slide)

* EBITDA to be split is calculated after deduction of all maintenance and repair related costs (both capitalized and expensed) and after deduction of any local taxes triggered by the operation of a vessel

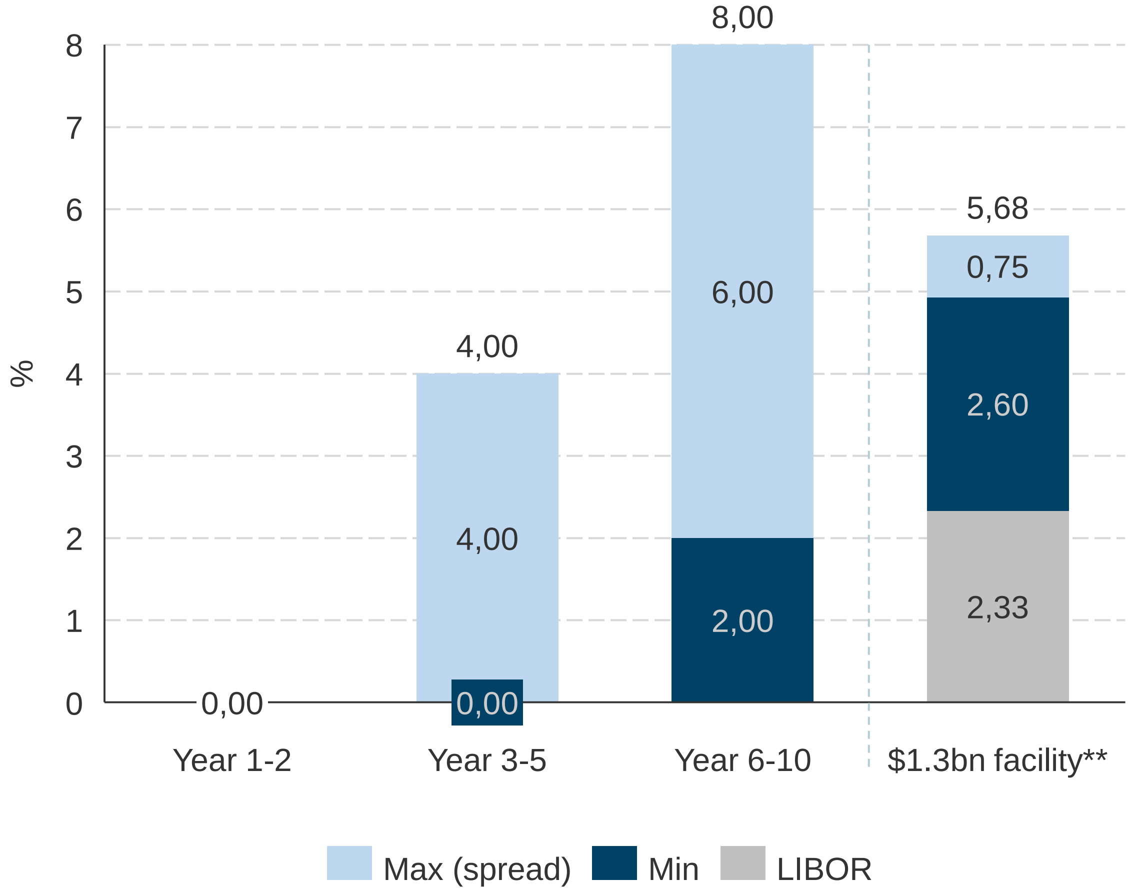
Attractive interest rate – linked to dayrates achieved

Fixed Interest rate mechanism

Average dayrate for up to 4 reference vessels*	Year 1-2	Year 3-5	Year 6 to maturity
< USD 99k	-	-	2 %
USD 100k - 124k	-	2 %-3%	3 %-5%
USD 125k - 149k	-	3 %-4%	5 %-8%
> USD150k	-	4 %	8 %

- Interest linked to average dayrates achieved
  - For each vessel the annual average dayrate shall be calculated as the average of i) day rate on a 365 days basis (i.e contract dayrate times contract days divided by 365 days) and ii) average contractual dayrates in the year.
    - Rigs contracted on the NCS shall enter the average dayrate calculation with a discount of USD 20,000 per day.
- Step up in year 3 and 6 after delivery of each vessel (i.e. not after signing)

Interest rate benchmarking (year after delivery)



*The 4 vessels are: 1. Safe Notos (excluding the existing contract) and after delivery the 2. Safe Eurus, 3. Safe Nova and 4 Safe Vega
**Maximum interest margin under the new loan agreement (does not reflect impact on margin of exercising extension option or delivery of Nova/Vega)

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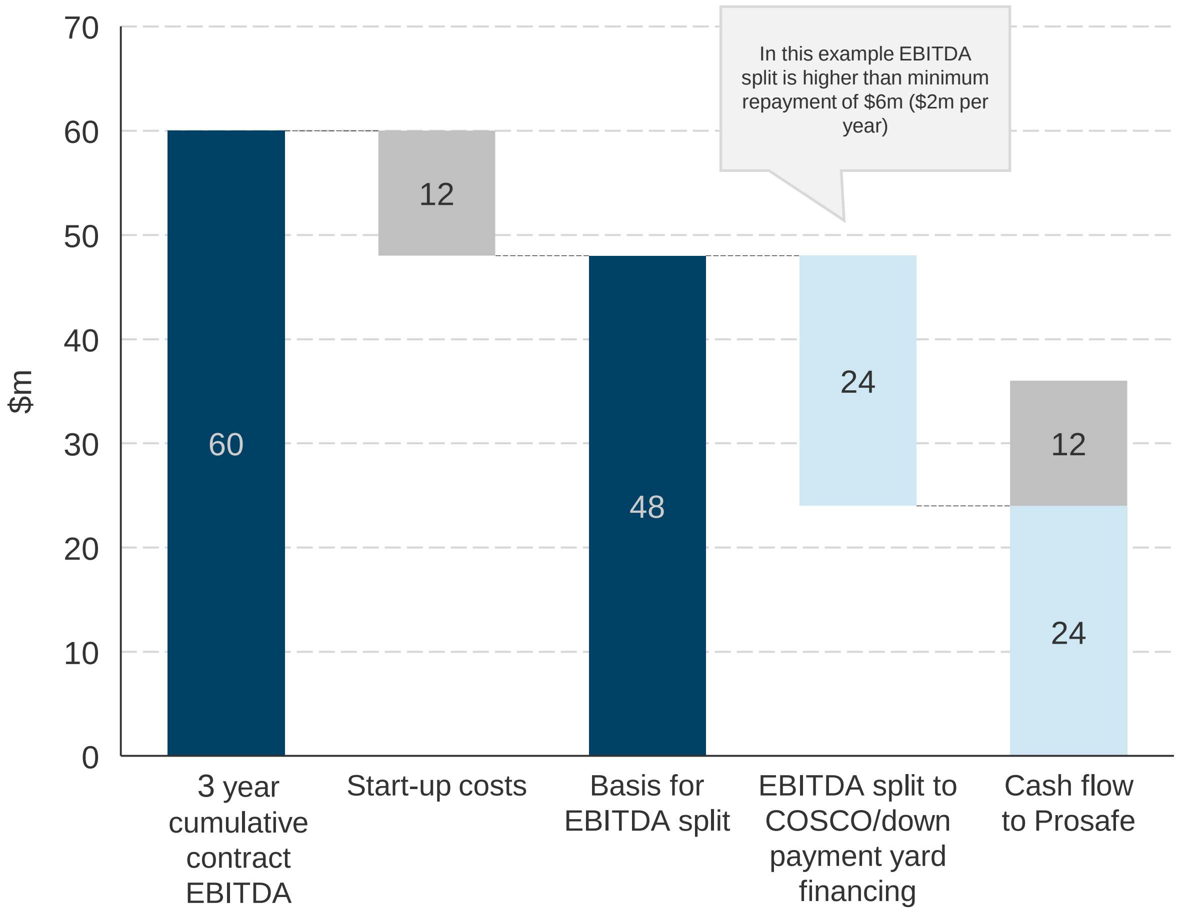
Illustrative example of key commercial terms in the COSCO deal

Illustration of EBITDA split for a 3 year contract



Note: Illustration based on $143 million in yard financing (i.e. average of Safe Eurus, Safe Vega and Safe Vega)

Key assumptions and explanations

- 3 year contract with annual EBITDA USD 20 million yielding cumulative EBITDA of USD 60 million over the contract period
- Stock-up costs USD 12 million
- Basis for EBITDA split; contract EBITDA less mobilisation and stock-up costs, USD 48 million
- EBITDA split to COSCO;
  - 50% of USD 48m, USD 24m
  - In this example EBITDA split is > minimum annual repayment
- Share of EBITDA kept by Prosafe;
  - Contract EBITDA less EBITDA split to COSCO, USD 36 million
- Repayment of yard financing;
  - EBITDA split to COSCO excluding interest, USD 24 million
  - No interest costs in this example

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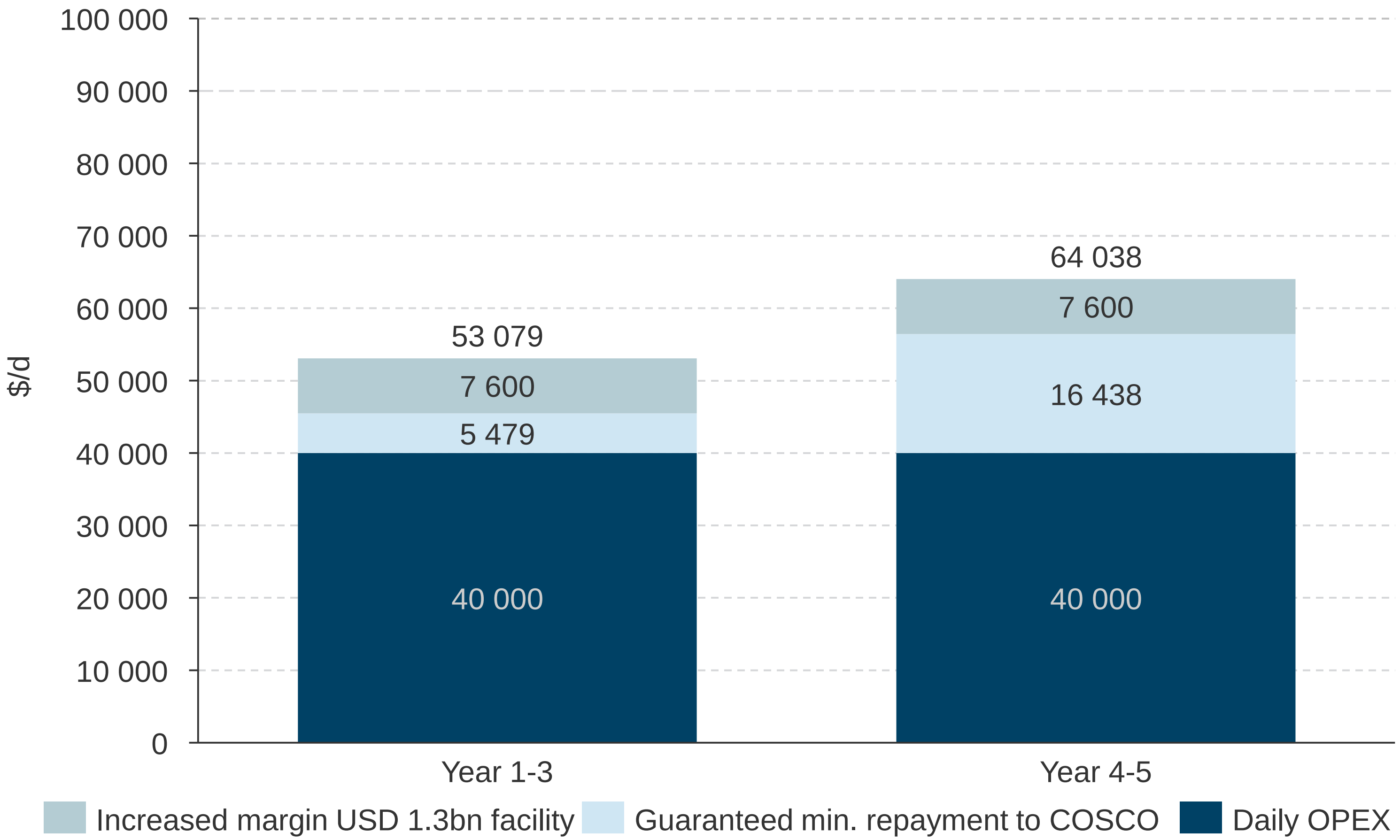
COSCO units have a very competitive cash break-even

Comment

- Illustration shows minimum cash cost elements with COSCO financing package (assuming USD 40k/day OPEX)
- Significantly lower cash break even rates than with a conventional debt financing structure
- The delivery of Safe Vega and Safe Nova would increase the margin with 22.5 bps each (45 bps in total) of the USD 1.3 billion facility and/or issuing of warrants (see lender chapter)
- Assuming no interest apply under the yard financing

Cash break even – cost per day



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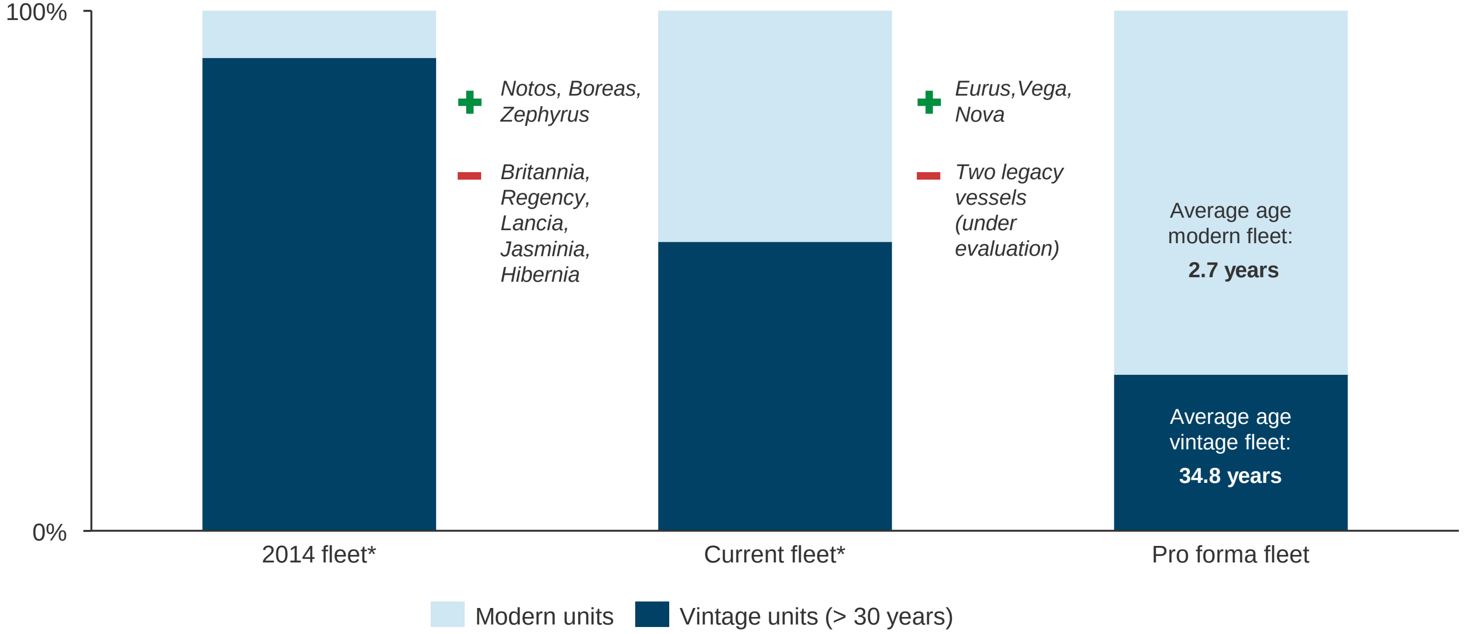
Reshaping Prosafe fleet

A significantly renewed fleet enhances versatility and earnings potential

Development in Prosafe's fleet

	2014 fleet*	Current fleet*	Pro forma fleet
Average fleet age	31	22	13
Number of units	11	9	10

Share of fleet in % (units)



*Excluding rigs under construction

Proactive fleet renewal program

2015/16 – Delivery of Safe Boreas, Safe Zephyrus and Safe Notos

2016 – Acquired Axis Offshore's newbuilds

2016/17 – Taking vintage units out of the market (5 units scrapped to date)

Forward – Delivery of 3 new units
Contemplating scrapping of 2-3 legacy units
Pursuing consolidation of modern units

Prosafe

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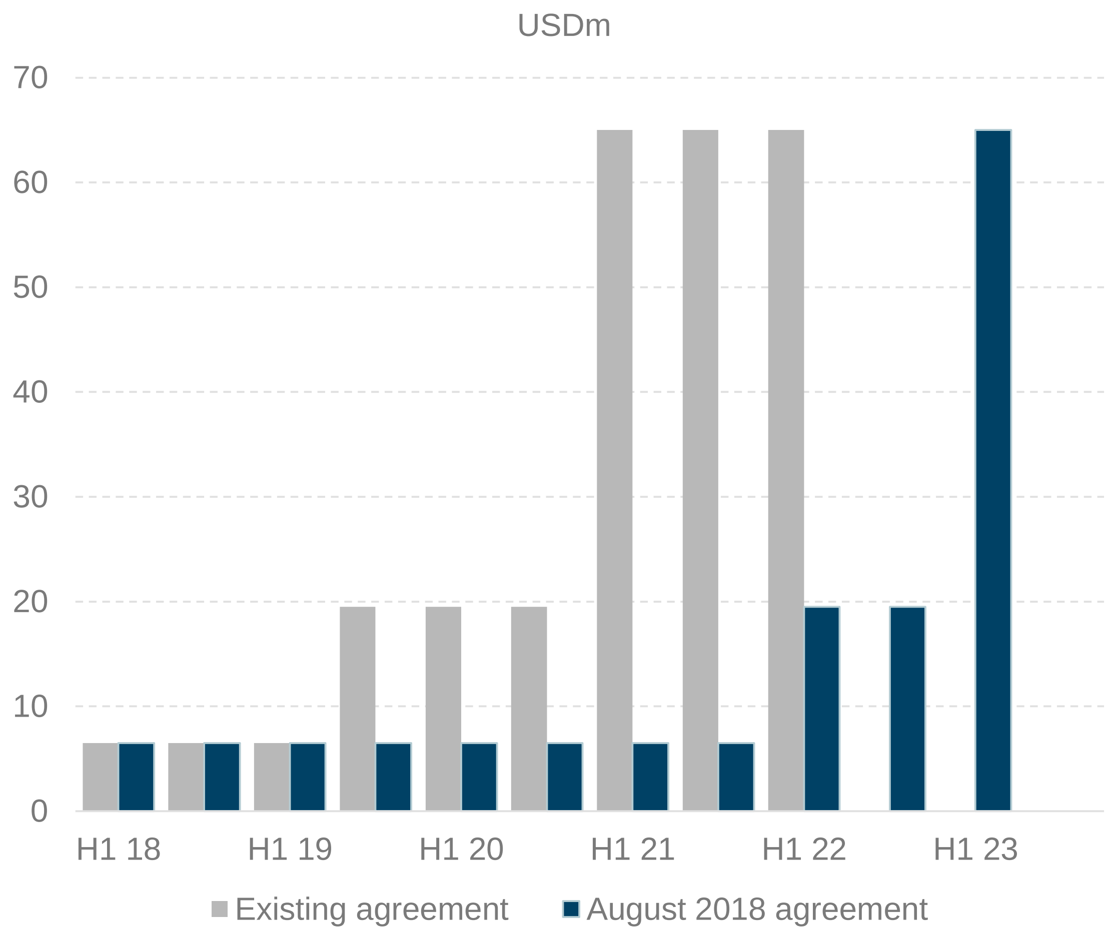
Key debt amendments

Significantly improved financial runway and flexibility

Key amendments

- Extended runway in terms of continued reduced amortization and one (1) year maturity extension option to its main USD 1.3bn credit facility. Additional amortization relief totaling USD 156 million
  - The USD 144 million facility (Notos) will be serviced as per current amortization and maturity profile
- Covenant ease for both the USD 1.3bn and USD 144 million facilities
- Consent to consummate the Agreement with COSCO including the use of cash for delivery (up to USD 160m)
- Flexibility to scrap up to three legacy, collateralised vessels without loan repayment corresponding to their relative collateral value
- At this stage in the process Prosafe has support from approx. 94 per cent of its lenders to its requests

Amortization profile (USD 1,3bn facility)



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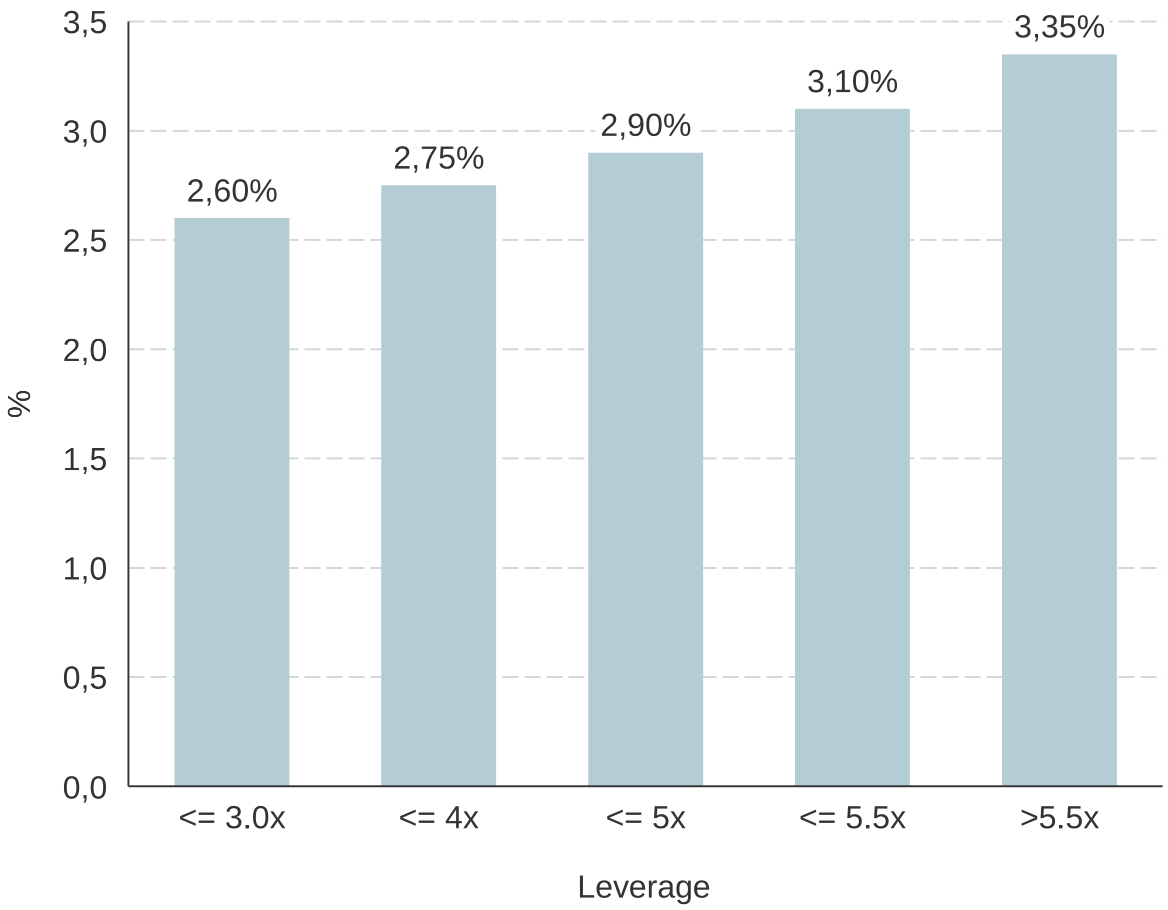
Amendments to interest expenses
For USD 1.3bn facility only

Interest Margin Terms

- Increased margin of 0.6% p.a. from date of amendments becoming effective. The new credit margin will dependent on leverage ratio displayed on the chart on right hand side
- Optional 1 year extension of USD 1.3bn facility at margin increase of an additional 0.6% p.a. (i.e. total 1.2% increase from current margin from 6 Feb 2022 onwards only)
- Additional margin of 0.225% p.a. from delivery of each of Nova and Vega. Only payable to lenders electing for margin uplift option (*refer to following page*).

Interest margin grid

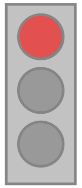
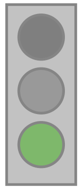


Terms relating to delivery of Safe Eurus, Nova and Vega

Delivery conditions

- First contract to cover
  - Mobilisation and stock up cost (expected USD 10-15m)
  - Minimum payment to COSCO (USD 2m p.a.)
- Additional requirements for delivery of Nova and/or Vega
  - Credit line or other source of capital of USD 7.5m per vessel to be available to cover any layup cost and minimum payment to COSCO if vessel becomes idle after first contract
  - Lender election for either (a) margin increase of 22.5 bps for the USD 1.3bn facility per vessel, or (b) issuance of up to 6.52m warrants per vessel (capped at 9.78m warrants for the two vessels combined)
  - Strike price for warrant = average of (a) 10 business day VWAP ahead of announcement of deal and (b) 10 business day VWAP after announcement of deal
  - Warrant exercise period of 3 years from delivery of Nova/Vega
  - If Nova and Vega are not delivered, or the USD 1.3bn facility is refinanced ahead of delivery of Nova and Vega, there will be no margin increase or exercise of warrants

Operational and financial flexibility

Lower for longer	Liquidity management toolbox	Accelerated market recovery
		
Delay / skip delivery	**Timing of delivery**	Accelerated delivery
Accelerate attrition	**Scrapping**	Delay attrition
Cut costs	**Cost base**	
Cut investments	**Investments**	
Optimize organisation	**Organization**	
	Consolidation	

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Current fleet status

Contract backlog

Contracting update

Fixtures Summer 2018

- **Safe Scandinavia** 7 months firm commencing September 2018 plus 8 months of options with Aker BP at Ula, NCS
- **Safe Concordia** 200 days firm plus 15 days of options with Modec supporting FPSO maintenance in Brazil
- **Safe Boreas** 1 month extension with Equinor at Mariner, UKCS

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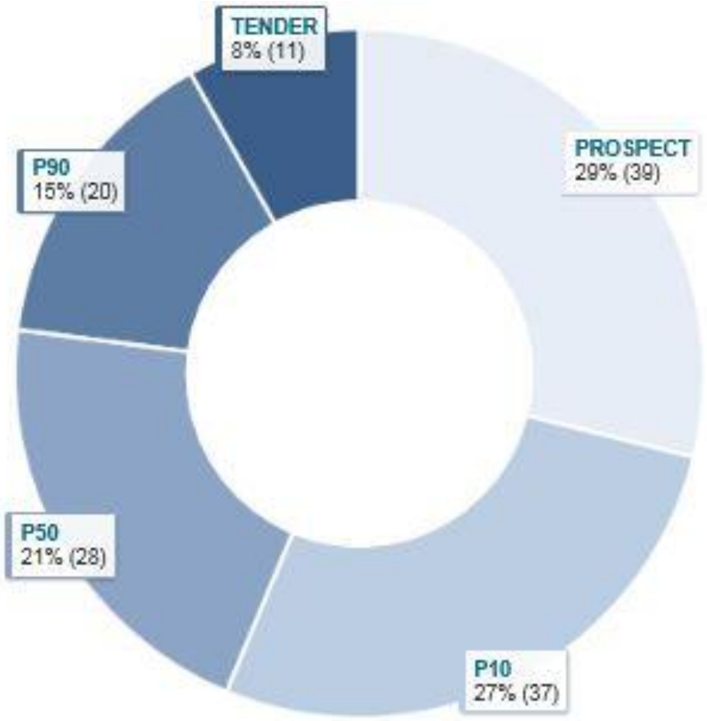
Contract pipeline

Global Opportunities

- 11 tenders ongoing for 2018 through 2020 – double the amount since Q1 2018
- 5 tenders with commencement dates in 2019
- 17 North Sea prospects with high probability of going to tender next 3 years
- Longer term prospects out with North sea due to materialise within Q4 2018/ Q1 2019
- Prospect visibility is considered short as operators address deferred maintenance, reacting to the higher oil price environment

Prospect Analysis



P90, P50 and P10 are prospects probability of moving to a tender
Source: Prosafe

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The Prosafe transformation 2018

Results of the agreements with Cosco and lenders

1. Modernize the fleet
2. Secure very attractive financing for Cosco newbuilds
3. Increase effective runway
4. Reduce cash leakage
5. Improve attractiveness for consolidation and partnership

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